

Message Text

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ORIGIN SS-25

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DRAFTED BY ARA: JHCRIMMINS: NG

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APPROVED BY ARA: JHCRIMMINS

S/ S - MR. BARNES

TREASURY - MR. HENNESSY

L: MFELDMAN (INFO)

EB: SWEINTRAUB (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO IMMEDIATE

C O N F I D E N T I A L STATE 095646

EXDIS

E. O. 11652: GDS

TAGS: CI PFOR US

SUBJECT: FAREWELL CALL BY AMBASSADOR LETELIER

1. AMBASSADOR LETELIER CALLED UPON CRIMMINS AND HENNESSY TO SAY FAREWELL BUT PRINCIPALLY TO INQUIRE BEFORE DEPARTURE ABOUT CURRENT STATE OF U. S. THINKING ON CONTINUATION OF BILATERAL TALKS.

2. LETELIER WAS TOLD THE FOLLOWING:

A. IT IS OUR DESIRE TO HAVE FURTHER TALKS SOON WITH THE GOC ON THE PROBLEMS CENTRALLY AFFECTING OUR RELATIONS.

B. THE TALKS SHOULD BE CONFIDENTIAL, AND CARRIED OUT BY NO MORE THAN ABOUT TWO HIGH- LEVEL REPRESENTATIVES ON EACH SIDE.

C. THE REPRESENTATIVES SHOULD HAVE THE BACKGROUND, SCOPE AND THE AUTHORITY TO CARRY THE TALKS THROUGH TO CONFIDENTIAL

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CLUSION.

D. FOR OUR PART, THE REPRESENTATIVES WILL BE AT THE STATE AND TREASURY ASSISTANT SECRETARY LEVEL, UNDER SUPERVISION PROVIDED BY THE DEPUTY/ UNDER SECRETARY LEVEL, WITH INVOLVEMENT OF LATTER AS APPROPRIATE AND NECESSARY.

E. WHO THE CHILEAN REPRESENTATIVES SHOULD BE IS, OF COURSE, A QUESTION FOR THE GOC TO DECIDE, BUT WE HOPE THAT THEY WILL INCLUDE ONE AUTHORIZED TO SPEAK FOR PRESIDENT ALLENDE.

F. WE ARE STILL GIVING HIGH- LEVEL STUDY TO OUR OPTIONS, BUT WE EXPECT TO BE READY WITH A SUBSTANTIVE POSITION SHORTLY AFTER THE FIRST OF JUNE, AND WOULD HOPE TO BE ABLE TO MEET WITH THE CHILEANS ABOUT THEN.

3. LETELIER SAID THAT OF COURSE HE WOULD GIVE THOUGHT TO AND CONSULT IN SANTIAGO ON THE U. S. PROCEDURAL SUGGESTIONS BUT HIS PRELIMINARY REACTION, ALTHOUGH NOT NEGATIVE, INVOLVED THREE POINTS:

A. THE TIMING HAD TO BE CONSIDERED CAREFULLY;

B. WITH RESPECT TO THE SITE, IT WOULD BE PREFERABLE THAT THE CONVERSATIONS BE HELD IN SANTIAGO; AND

C. THERE SHOULD BE NO DOUBT ON THE U. S. SIDE ABOUT THE FIRMNESS OF THE CHILEAN POSITION THAT THE 1914 TREATY WAS THE APPROPRIATE MECHANISM FOR ADDRESSING THE ISSUES.

4. WITH RESPECT TO THE SITE, LETELIER WAS TOLD THAT HIS POINT WAS NOTED. CRIMMINS COMMENTED THAT IT MIGHT EVEN BECOME APPROPRIATE TO CONSIDER A THIRD COUNTRY SITE. WITH RESPECT TO THE 1914 TREATY, LETELIER WAS INFORMED THAT WE FULLY UNDERSTOOD THE CHILEAN POSITION AND IT WAS AN IMPORTANT ELEMENT IN OUR ADDRESS TO THE OPTIONS BEFORE US. CRIMMINS AND HENNESSY REFUSED TO BE DRAWN OUT BY LETELIER ON THE SUBSTANCE OF OUR EVENTUAL POSITION. LETELIER TOOK THIS REFUSAL WITH REASONABLY GOOD GRACE.

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5. STATING THAT HE DESIRED TO SPEAK WITH ABSOLUTE CANDOR, LETELIER THEN SAID THAT THERE WERE TWO NEGATIVE DEVELOPMENTS IN PROSPECT. THE FIRST WAS THE PROBABILITY (WHICH, AS HE SET IT OUT, APPEARED TO BE A NEAR CERTAINTY) THAT ACTION WOULD BE TAKEN TO EXPROPRIATE THE REMAINING ITT PROPERTIES IN CHILE AS A RESULT OF " POPULAR PRESSURE".

HE SAID THAT HE DID NOT KNOW THE SPECIFIC TIMING AND NATURE OF SUCH STEPS BY THE GOC. THE SECOND MATTER THAT WAS WORRYING HIM (AND HE PUT CONSIDERABLE STRESS ON THIS) WAS THE POSSIBILITY OF NEGATIVE DEVELOPMENTS ARISING FROM THE INCREASING RUMORS OF A CONNECTION BETWEEN THE WATERGATE OPERATIONS AND THE BREAK- IN OF THE CHILEAN EMBASSY. ON THIS MATTER LETELIER SAID THAT THE EMBASSY WAS RECEIVING MOUNTING INQUIRIES FROM THE PRESS, ALL OF WHICH THE EMBASSY HAD TURNED ASIDE.

6. CRIMMINS AND HENNESSY MADE CLEAR THAT ACTION WITH RESPECT TO THE REMAINING ITT HOLDINGS IN CHILE COULD NOT FAIL TO HAVE NEGATIVE CONSEQUENCES ON THE EFFORT TO RESOLVE EXISTING PROBLEMS AND TO AVOID CREATING NEW ONES. ON THE RUMORS OF A LINK BETWEEN WATERGATE AND THE EMBASSY BREAK- IN, CRIMMINS STATED THAT, ALTHOUGH HE HAD NOTED RECENT INTIMATIONS OF THIS IN THE PRESS AND HAD BEEN AWARE OF EARLIER ATTEMPTS TO MAKE A CONNECTION, THE REPORTS WERE SIMPLY RUMORS SO FAR AS HE WAS CONCERNED.

7. CRIMMINS AND HENNESSY THEN URGED LETELIER TO MOVE THE CERRO NEGOTIATIONS TO A RAPID CONCLUSION, NOTING THAT SUCH ACTION WOULD HAVE A POSITIVE EFFECT. LETELIER MADE OPTIMISTIC NOISES ABOUT THE TERMINATION OF THE NEGOTIATIONS, REFERRING TO THE PROSPECT FOR SETTLEMENT IN EARLY JUNE WHEN CERRO EXECUTIVES ARE SCHEDULED TO RETURN TO SANTIAGO. RUSH

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